

Message Text

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PAGE 01 DAMASC 02394 01 OF 02 181149Z

51

ACTION AID-05

INFO OCT-01 EUR-08 NEA-06 ISO-00 USIE-00 COME-00 TRSE-00

XMB-02 IGA-01 EB-04 OMB-01 SP-02 FRB-01 SS-15 NSC-05

L-01 OPIC-06 CU-02 AGR-05 SWF-01 H-01 CIEP-01 SSO-00

NSCE-00 INRE-00 CIAE-00 INR-05 NSAE-00 RSC-01 EA-06

SCI-02 INT-05 NASA-01 DRC-01 /089 W
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O R 180912Z OCT 74

FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC IMMEDIATE 1749

AMEMBASSY BEIRUT PRIORITY

AMEMBASSY ABU DHABI PRIORITY

INFO USINT ALGIERS

AMEMBASSY AMMAN

AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY RABAT

C O N F I D E N T I A L SECTION 1 OF 2 DAMASCUS 2394

BEIRUT PASS BAGHDAD; KUWAIT PASS AS APPROPRIATE

DEPARTMENT PASS AID, USIA, COMMERCE, TREASURY, EXIMBANK

E.O. 11652: GDS

TAGS: EAID, SY, US

SUBJ: POSSIBLE BILATERAL ASSISTANCE PROGRAM FOR SYRIA

REFS: STATE A. 220095 (NOTAL) AND B. 226541 (NOTAL)

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PAGE 02 DAMASC 02394 01 OF 02 181149Z

1. SUMMARY. WITHOPENING OF TALKS IN DAMASCUS

OCTOBER 26 ON POSSIBLE USG ASSISTANCE PROGRAMS, OUR GOALS OVER NEXT TWO MONTHS ARE: SIGNATURE OF PL-480 LOAN (S), OPIC AGREEMENT, AND CULTURAL AGREEMENT, ALONG WITH RESOLUTION OUTSTANDING USG CLAIMS AGAINST SARG. WE PROPOSE HEREWITH SEVERAL TYPES OF SCHOLARSHIP PROGRAMS AS WELL AS OTHER ACTIONS TO BE TAKEN OVER NEXT SIX MONTHS. DEPARTMENT SHOULD SET UP AD HOC WORKING GROUP ON SYRIA NOW. ACTIONS REQUESTED ARE LISTED IN PARA 10. END SUMMARY.

2. EMBASSY WELCOMES OCTOBER 26 VISIT BY AID ASSISTANT ADMINISTRATOR NOOTER AND AID TEAM. THIS MESSAGE PROVIDES OUR COMMENTS ON SARG MINECON IMADI'S DISCUSSIONS IN WASHINGTON (REFTEL A.) AND OUR PRELIMINARY VIEWS ON DISCUSSIONS TO BE HELD IN DAMASCUS.

3. WE SEE US-SYRIAN ECONOMIC RELATIONS DEVELOPING IN TWO BASIC TIME FRAMES, WHICH CAN BE SUMMARIZED AS FOLLOWS:

A. IMMEDIATE FUTURE (OCT 26 - DEC 26):

(1) USG ENCOURAGEMENT OF PRIVATE SECTOR AND EXIMBANK POSITIVE RESPONSES TO STRONG SYRIAN DESIRE FOR US CAPITAL EQUIPMENT AND SERVICES (ACTION: STATE, USDOC, EXIMBANK, AID, EMBASSY);

(2) OFFER SMALL NUMBER OF SCHOLARSHIPS OR IV GRANTS FOR STUDY/CONSULTATION IN US UNDER CULTURAL EXCHANGE PROGRAM (ACTION: EMBASSY, USIS, STATE) (DAMASCUS 2396)

(3) OFFER NO LESS THAN TEN AID GRADUATE-LEVEL SCHOLARSHIPS FOR STUDY AT AUB IN BEIRUT STARTING IN FEBRUARY 1975 (ACTION: EMBASSY, BEIRUT, AID, STATE);

(4) SIGN PL-480 COMMODITY ASSISTANCE LOAN(S) (ACTION: STATE, AID, DEPT OF AGRICULTURE, EMBASSY, BEIRUT - AGRATT);
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PAGE 03 DAMASC 02394 01 OF 02 181149Z

(5) PRESENT INITIAL DRAFT TO SARG OF TECHNICAL COOPERATION AND ECONOMIC DEVELOPMENT AGREEMENT FOR SYRIA (BASED ON STATE 222301) (ACTION: STATE, AID, EMBASSY);

(6) BEGIN USG-SARG NEGOTIATIONS ON OUTSTANDING PL-480 (AND EXIMBANK) CLAIMS WITH VIEW TOWARD USING

LOCAL CURRENCY TO SUPPORT PROJECT FEASIBILITY STUDIES (E.G., AGRICULTURAL TRAINING INSTITUTE), TECHNICAL ASSISTANCE, ADDITIONAL AUB SCHOLARSHIPS, LOCAL COSTS OF SCHOLARSHIPS FOR STUDY IN US (TRAVEL EXPENSES), AND USG COUNTRY-USE OF SYRIAN POUNDS. (PRINCIPAL USE THESE POUNDS WOULD BE TO UPGRADE EMBASSY/USIS ADMINISTRATIVE AND SUBSTANTIVE ABILITY FOR SUPPORT RAPIDLY GROWING NEED RESPOND TO RENEWAL US-SARG ECONOMIC/CULTURAL RELATIONS.) (ACTION: EMBASSY, USIS, STATE, TREASURY, AID, USIA, EXIMBANK);

(7) NEGOTIATE OPIC AGREEMENT WITH SARG (ACTION: STATE, OPIC, EMBASSY, AID);

(8) NEGOTIATE CULTURAL AGREEMENT (EMBASSY, USIS, STATE, USIA);

(9) INFORM SARG OF OUR EFFORTS VIS-A-VIS ABU DHABI AS REGARDS USG-UAE MATCHING SCHOLARSHIPS FOR STUDY IN US IN IMMEDIATE FUTURE AND POSSIBLE SARG-USG-UAE COOPERATION IN PROJECTS TO BE DEVELOPED LATER (ACTION: EMBASSY, ABU DHABI, STATE, AID);

(10) PROVIDE SARG WITH INDICATION OF NUMBER OF SCHOLARSHIP SLOTS THAT WOULD BE AVAILABLE WHEN NEW AID LEGISLATION GOES THROUGH AS WELL AS OF QUALIFICATIONS REQUIRED BY US COLLEGES AND UNIVERSITIES OF SYRIAN STUDENTS SO SARG CAN BEGIN TO SCREEN AND SELECT POTENTIAL CANDIDATES FOR JOINT FUNDING BY UAE (ABU DHABI 1416) AND USG (ACTION: AID, STATE, EMBASSY, ABU DHABI).

B. MEDIUM TERM ACTIVITIES (DEC 26 - SPRING 1975,
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PAGE 04 DAMASC 02394 01 OF 02 181149Z

I.E., ANTICIPATED TIME OF PASSAGE OF NEW AID LEGISLATION:

(1) CONTINUE USG ENCOURAGEMENT OF PRIVATE SECTOR AND EXIMBANK EFFORTS, ARRANGE AND ASSIST TRADE MISSIONS AND VISITS, LOCAL MARKET SURVEYS OR OTHER COMMERCIAL EFFORTS (NOTE: THIS EFFORT REQUIRES CONTINUANCE OF THE CLOSE AND VERY HELPFUL COOPERATION AND ASSISTANCE OF EMBASSY BEIRUT COMATT, RTDO, AND RCAA AND IMMEDIATE ASSIGNMENT OF REQUESTED COMMERCIAL OFFICER TO DAMASCUS) (ACTION: AS IN PARA 3A, ABOVE AND PARTICULARLY STATE/USDOC ON ASSIGNMENT OF COMMERCIAL OFFICER);

(2) IF SARG AGREES, DEVELOP FURTHER AND REGULARIZE AID/AUB SCHOLARSHIP PROGRAM FOR SYRIANS

AT AUB AND CONSIDER ADDITIONAL SCHOLARSHIPS FINANCED
BY ABU DHABI, OR DAMASCUS LOCAL CURRENCY FOR TERM
BEGINNING OCT 1975 (ACTION: EMBASSY, STATE, AID,
ABU DHABI, BEIRUT);

(3) IF USG-SARG CLAIMS NEGOTIATIONS SUCCESSFUL,
REFINE PROPOSED USES OF LOCAL CURRENCY, EMPHASIZING
WITHIN USG DEARTH OF FUNDS THUS FAR AVAILABLE FOR
BILATERAL PROGRAMS (MORE ON THIS BELOW, PARA 9);
IDENTIFY ADDITIONAL FEASIBILITY STUDIES DIRECTED
TOWARD EVENTUAL AID-FINANCED PROJECTS, OR USG-LOCAL
CURRENCY SUPPORT OF THIRD COUNTRY, INTERNATIONAL
FINANCIAL INSTITUTION OR PRIVATE FOUNDATION ASSISTANCE
(ACTION: STATE, AID, EMBASSY, ABU DHABI);

(4) COMPLETE NEGOTIATIONS AND SIGN FINAL TEXT
OF TECHNICAL COOPERATION AND ECONOMIC DEVELOPMENT
AGREEMENT FOR SYRIA (NOTE: IN LIGHT FONMIN KHADDAM'S COMMENTS,
ANNOUNCEMENT OF SIGNATURE OF AGREEMENT MAY WELL HAVE TO
OCCUR IMMEDIATELY FOLLOWING PASSAGE OF NEW AID LEGIS-
LATION) (ACTION: STATE, AID, EMBASSY);

(5) DEVELOP FURTHER CULTURAL PROGRAMS UNDER
TERMS OF ALREADY SIGNED USG-SARG CULTURAL AGREEMENT,
USING USG-OWNED SYRIAN POUNDS (ACTION: STATE,USIA,
USIS, EMBASSY);
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PAGE 05 DAMASC 02394 01 OF 02 181149Z

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PAGE 01 DAMASC 02394 02 OF 02 181201Z

51
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SCI-02 INT-05 NASA-01 DRC-01 /089 W

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FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC IMMEDIATE 1750

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AMEMBASSY RABAT

C O N F I D E N T I A L SECTION 2 OF 2 DAMASCUS 2394

(6) COMPLETE USG-SARG AGREED IN-HOUSE LIST OF SYRIAN STUDENTS TO RECEIVE AID SCHOLARSHIPS FOR FALL 1975 PLACEMENT IN US UNIVERSITIES/COLLEGES FINANCED BY NEW AID LEGISLATION AND ABU DHABI (ACTION: STATE, AID, EMBASSY, ABU DHABI).

4. ABOVE OUTLINE PROVIDES OUR PRELIMINARY SUMMARY CHECKLIST FOR WHAT NEEDS TO BE DONE. WE COMMENT BELOW ON EACH ONE OF THESE PROPOSED ACTONS AS NECESSARY, SO AS TO RESPOND TO STATE 220095, AND TO PROVIDE CONFIDENTIAL

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PAGE 02 DAMASC 02394 02 OF 02 181201Z

FURTHER BACKGROUND FOR FORTHCOMING AID/EMBASSY/SARG DISCUSSIONS.

5. POSITIVE US PRIVATE SECTOR AND EXIMBANK RESPONSE. THERE IS SOME QUESTION IN CONNECTION CAPITAL PROJECTS MINECON IMADI HAS SUGGESTED AS TO WHETHER US PRIVATE OR PUBLIC SECTOR CAN BEST RESPOND. DAMASCUS 2395 PROVIDES OUR COMMENTS ON SYRIAN DESIRE FOR US CAPITAL EQUIPMENT AND SERVICES WE HAVE SO FAR IDENTIFIED. THAT CABLE SHOULD BE READ IN CONJUNCTION WITH THIS MORE AID-ORIENTED MESSAGE.

6. BILATERAL COOPERATION PROGRAM.

A. LAND RECLAMATION:

THERE IS WIDE SCOPE FOR JOINT COMMERCIAL/USG EFFORTS IN THIS FIELD IN SYRIA. THIS IS AREA WHERE WE HAVE CONSIDERABLE EXPERIENCE IN TECHNICAL AND PROJECT ASSISTANCE, NOT ONLY ON BILATERAL BASIS BUT ALSO ON JOINT BASIS WITH FOREIGN EXCHANGE OR LOCAL CURRENCY SUPPORT FROM INTERNATIONAL FINANCIAL INSTITUTIONS OR PRIVATE FOUNDATIONS. JAPANESE PROJECT, ABOUT WHICH DEPARTMENT ASKED, IS USUAL COMBINATION OF OFFICIAL GOJ CREDIT AND MITI OR SIMILARLY-BACKED COMMERCIAL CREDIT, WHICH, ACCORDING TO LOCAL UNDPHSURVEY OF AID TO SYRIA, RESULTED IN OVERALL 4.5 PERCENT INTEREST (1975 AGREEMENT, LAND RECLAMATION AND IRRIGATION IN MASKANEH REGION OF EUPHRATES, 25-YEAR REPAYMENT, INCLUDING EIGHT YEARS' GRACE.)

B. FOOD PROCESSING:

WE LOOK FORWARD TO NOOTER PRESENTATION OF PRIVATE FIRM SEED-TO-MARKETING PROJECT IN EGYPT. WE ARE INVESTIGATING CITED IRANIAN PROJECT IN SYRIA (IRANIAN CREDIT TO DEVELOP SYRIAN BEEF WITH ALL SALES TO GO TO IRAN) AND OTHER "LOAN REPAYABLE IN KIND" PROJECTS IN SYRIA. (WE MAY FIND OUSELVES IN MORASS OF AID-BARTER-TYPE AGREEMENTS, INVOLVING USUAL EASTERN EUROPEAN OR OTHER SIGNATORIES OF SUCH AGREEMENTS, BUT WE WILL DO OUR BEST.)
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PAGE 03 DAMASC 02394 02 OF 02 181201Z

(TEHRAN: CAN YOU COMMENT ON QUESTION DEPARTMENT PUT TO THIS EMBASSY RE DETAILS OF "IRANIAN-CREDIT-FOR-BEEF" AGREEMENT?)

C. MINERALS SURVEY:

WE WILL BE ASKING SARG TO PROPOSE IV PROGRAM RECIPIENT(S) FOR SYRIAN SCIENTIST(S) TO VISIT US TO DISCUSS POTENTIAL MINERALS SURVEY WITH COUNTERPARTS IN NASA, AID, AND USGS. WE STRONGLY RECOMMEND NOOTER BRING WITH HIM OCTOBER 26 SOME SAMPLES OF "RAW PHOTOGRAPHY" OF SYRIA TAKEN BY ERTS I AND SKYLAB (10 COPIES OF EACH SAMPLE) IN ORDER BETTER TO FOCUS SYRIAN INTEREST IN THIS PROJECT. WE BELIEVE SCIENTIFIC EXCHANGE UNDER IV PROGRAM SHOULD LEAD TO SIGNIFICANT DIRECT USG BILATERAL ASSISTANCE IN THIS IMPORTANT AREA ONCE NEW AID LEGISLATION PASSED.

7. PL-480 PROGRAM.

WE HAVE ALREADY REPLIED TO ALL QUESTIONS FROM WASHINGTON ON THIS SUBJECT AND ARE AWAITING RESPONSE. WE RECOMMEND AID TEAM/EMBASSY/AGRATT-BEIRUT NEGOTIATE

PL-480 AGREEMENT(S) WITH SARG DURING OCTOBER 26-31 VISIT.

8. SCHOLARSHIP PROGRAM:

WE HAVE ALREADY NOTED NOOTER'S PROMISE TO IMADI, PARA 3A (10) ABOVE; WE SHOULD CONSULT BEFORE AND AFTER OCTOBER 26 WITH ABU DHABI TO MAKE SURE WE ARE NOT OUT IN FRONT OF SHAIKH ZAYID'S APPARENTLY HIGHLY FORTHCOMING RESPONSE TO OUR APPROACH FOR MATCHING AID SCHOLARSHIP FINANCING WITH UAE FUNDS (STATE 224724, ABU DHABI 1416.)

9. LOCAL CURRENCY CLAIMS:

WE BELIEVE AID TEAM/EMBASSY MUST BE PREPARED TO OPEN NEGOTIATIONS WITH SARG OCTOBER 26 ON PL-480/AID LOCAL CURRENCY CLAIMS (AND EXIMBANK). WE HAVE POSSIBLE ACCESS TO \$10.4 MILLION WORTH OF SYRIAN POUNDS. IT IS OUR FIRM CONVICTION THAT IF EVEN PART OF THESE

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PAGE 04 DAMASC 02394 02 OF 02 181201Z

FUNDS CAN BE SPRUNG LOOSE WE CAN MOVE MUCH MORE RAPIDLY TOWARD EFFECTIVE BILATERAL ASSISTANCE PROGRAMS FOR SYRIA. WE HAVE ALREADY NOTED AID, USIS, TRADE PROMOTION AND USG-COUNTRY USES TO WHICH THESE CURRENTLY BLOCKED FUNDS SHOULD BE PUT ONCE SARG AGREEMENT SECURED. WE ARE CONVINCED THAT ANY USG AGENCY ADMINISTRATIVE HURDLES THAT MAY THREATEN TO DELAY SUCH UTILIZATION SHOULD BE OVERCOME HERE AND NOW AND NOT BE ALLOWED TO STAND IN WAY OF WHAT COULD BE MOST IMMEDIATE CORNERSTONE OF OUR BILATERAL RELATIONSHIP.

AID/EMBASSY SHOULD BE PREPARED TO NEGOTIATE THESE BLOCKED AND DELINQUENT FUNDS DURING FORTHCOMING VISIT AND TO RESPOND ON THE SPOT TO SARG INQUIRIES AS TO WHEN, HOW, AND FOR WHAT WE PLAN TO UTILIZE THESE FUNDS.

10. ACTION REQUESTED:

A. IN VIEW THE VARIETY OF USG AGENCIES INVOLVED, WE RECOMMEND ESTABLISHMENT UNDER DIRECTION OF ASST SECRETARY ATHERTON OF AN AD HOC WORKING GROUP ON SYRIA. ABOVE PARA 3A (1,4,5,6,7,9 AND 10) PROVIDES OUTLINE OF STUDIES REQUIRED, ALONG WITH POSSIBLE ACTION AGENCIES TO JOIN WITH STATE IN PREPARING NECESSARY POSITION PAPERS AND NEGOTIATING INSTRUCTIONS FOR OCTOBER 26 DISCUSSIONS.

B. AID TEAM COMPOSITION SHOULD BE SMALL, WE RECOMMEND NOOTER PLUS TWO TO COVER PL-480 AND CLAIMS

NEGOTIATIONS, WITH POSSIBLE ADDITION OF TRAINING/
TECHNICAL ASSISTANCE/PROJECT EXPERT.

C. BEIRUT: APPRECIATE AGRATT AND AID/AAO
RESERVING OCTOBER 26-31 PERIOD FOR VISIT(S) TO
DAMASCUS, IF AND AS REQUESTED.

D. ABU DHABI AND INFO POSTS. WE WOULD GREATLY
APPRECIATE ANY COMMENTS YOU WISH MAKE ON THIS MESSAGE
(E.G., CAIRO FROM POINT OF VIEW ITS EXPERIENCE WITH CLAIMS
AND LOCAL CURRENCY USE, OTHER POSTS ON LEVEL OF CREDITS
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PAGE 05 DAMASC 02394 02 OF 02 181201Z

ALREADY GRANTED TO SYRIA BY THEIR HOST COUNTRIES, ETC).
MURPHY

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Message Attributes

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